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THIS AMENDMENT:

____ Passed ____ Passed as amended by ____
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2009 DEC -4 P 3:48

MAYES PROPOSED AMENDMENT # 4

AZ CORP COMMISSION
DOCKET CONTROL

DATE PREPARED: December 4, 2009

COMPANY: Arizona Public Service

AGENDA ITEM NO. U-2

DOCKET NO. E-01345A-08-0172

OPEN MEETING DATE: 12-7-09

Page 53, line 18, INSERT New Finding of Fact: "During the hearing in this matter, questions were raised by Chairman Mayes regarding the Company's outsourcing policies. An APS witness defended the Company's recent decision to consider outsourcing some of its Information Technology jobs to other countries. The Commission strongly disagrees with the Company's willingness to countenance outsourcing jobs, and we believe such a policy is contrary to the public interest in this matter. In balancing competing interests in setting just and reasonable rates for APS, we do not believe that it is appropriate for a regulated utility that is asking for a rate increase in the midst of a severe recession to outsource jobs, prior to reducing other expenses first. We believe that APS should cut costs in other areas, such as lobbying, management expenses, bonuses, extraneous advertising and other operational expenses first. Additionally, the Commission has a duty pursuant to Article XV of the Arizona Constitution to protect the health and welfare of both the customers and the employees of public service corporations. Therefore, in the event that APS ever seeks to engage in outsourcing activity, we will require the Company to provide notice to the Commission and will conduct a hearing on the subject. We will require the Company to provide an analysis demonstrating the necessity for outsourcing, as well as the other cost cutting measures APS undertook to reduce expenses prior to filing the notice with the Commission. For purposes of this condition, outsourcing of jobs includes shifting positions to an APS affiliate for purposes of the affiliate outsourcing the jobs. Without this outsourcing condition, we do not believe our approval of the Settlement Agreement would be in the public interest."

Page 55, line 5, INSERT New Ordering Paragraph: "IT IS FURTHER ORDERED THAT Arizona Public Service Company shall prior to implementation of any outsourcing of jobs, file notice of its plans with the Commission, as a condition of our approval of the Settlement Agreement. The notice shall include analysis demonstrating the necessity for outsourcing, as well as the other cost cutting measures APS undertook to reduce expenses prior to filing its outsourcing plan with the Commission."

Make all conforming changes.

Arizona Corporation Commission
DOCKETED

DEC - 4 2009

